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AUTHOR Flaim, Paul O.; Gilroy, Curtis L.
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ABSTRACT

Based on data assembled by the Bureau of Labor Statistics, the document analyzes the unemployment increase in terms of job leavers, re-entrants and new entrants into the job market, and job losers. The period analyzed runs from the fourth quarter of 1973, to the first three months of 1975. Data breakdown is by sex, race, and age, with the focus primarily on the category of job losers. Men under 56 years of age, with 18 percent of them black, have shown the largest increase in job-loss unemployment. Women account for one-third of job-loss unemployment, with those aged 45 and over showing a larger percentage. Occupational breakdown shows job loss unemployment highest among factory production workers with the relative increase higher for women than men. The increase in job-loss unemployment has been matched by the increase in unemployment insurance benefits drawn by workers under State programs. Unemployment rates for unemployed re-entrants, consisting mainly of women and blacks, rose 46 percent; new entrants, largely youths 16 to 19 years of age and one-fourth of them black, rose 37 percent; and job leavers showed little increase. Four tables and six graphs supplement the document. (LH)

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EMPLOYMENT IN PERSPECTIVE

Job loss and other factors behind the recent increase in unemployment

Introduction

Most of the increase in unemployment during the current recession has clearly been the direct result of job cutbacks. In fact, about 7 out of every 10 of the approximately 3.4 million workers added to unemployment from the fourth quarter of 1973 to the first quarter of 1975 had recently lost their last job, either through indefinite or temporary layoff or dismissal for other reasons. The remaining 3 out of 10 additions to unemployment were either new labor force entrants seeking their first job or persons reentering the job market after a period of absence. The number of workers becoming unemployed upon voluntarily leaving their job has not increased during the recession.

About two-thirds of the persons who become unemployed through job loss are men. This reflects primarily the predominance of male workers in those industries, such as construction and heavy manufacturing, which have been most severely affected by the economic downturn. Although many women and youths also have lost their jobs during the recession, much of their unemployment continues to stem from their entry or re-entry into the job market.

Blacks are generally over represented among all categories of the unemployed, and, although making up only about one-tenth of the Nation's labor force, they made up nearly one-fifth of the unemployed job losers in early 1975.

These findings—which should help to increase public understanding of the unemployment problem—are derived from special data recently assembled by the Bureau of Labor Statistics. The period focused upon for the purposes of this analysis runs from the fourth quarter of 1973, when the unemployment rate reached its cyclical low of 4.7 percent (with a monthly low of 4.6 percent in October), to the first 3 months of 1975, when the rate rose to a quarterly average of 8.3 percent (and to a monthly high of 9.2 percent in May).

This report was prepared by Paul O. Flaim and Curtis L. Gilroy of the Office of Current Employment Analysis, Bureau of Labor Statistics.

Over this period, the number of persons unemployed because of job loss rose from about 1.6 million to 4.1 million, an increase of more than 2.4 million or nearly 150 percent. As shown on the following page, the other categories of unemployed (job leavers, reentrants, and new entrants) posted much smaller increases, both in absolute and relative terms. It is for this reason that this report, while also examining the situation of these latter groups, focuses primarily on the job losers.

Evidence from other sources suggest that most of the job losers have been able to supplant at least a portion of their previous earnings through unemployment insurance benefits. For the period in question, the increase in the number of job losers has been matched by an almost equal rise in the number of workers collecting unemployment benefits under State programs.

Industry concentration

Monthly employment figures derived from payroll records had until recently been showing job cutbacks in about four-fifths of all nonfarm industries, a fact which underscores the pervasiveness of this recession. However, the largest increases in job-loss unemployment have occurred among workers in goods-producing industries. As shown below, job-loss unemployment within these industries has tripled over the last 5 quarters, rising from under 900,000 to nearly 2.6 million. In other industry groups, the increases in job loss have been of much smaller magnitude.

The sharp increases in job-loss unemployment among the goods producing industries indicates two things: That this recession is a traditional "demand deficient" downturn and, more importantly, that the resulting layoffs affected primarily mature workers with considerable job experience, many of whom are the primary, if not the sole, earners within their families.

Impact on principal groups

A breakdown of the job loss data by sex, race, and age reveals increases for all groups, but with some

Jobless persons by reasons for unemployment (in thousands, seasonally adjusted)

Unemployment category	Quarter IV 1973	Quarter I 1975	Change: Absolute	Change: Percent
Total unemployed	4,265	7,664	3,399	80
Lost last job	1,648	4,072	2,424	147
Left last job	738	763	25	3
Reentering labor force	1,250	1,821	571	46
Seeking first job	603	826	223	37
Percent distribution				
Total	100	100		
Lost last job	39	54		
Left last job	17	10		
Reentering labor force	29	24		
Seeking first job	14	11		

NOTE: Individual items may not add to totals because of independent seasonal adjustment and rounding.

differences. Because of their concentration in the goods-producing industries, men have shown the largest increases in job-loss unemployment, both in absolute and relative terms. From the fourth quarter of 1973 to the first quarter of 1975, job-loss unemployment among men increased by 1.6 million or 150 percent, whereas the increase for women amounted to about 800,000 or 140 percent. (See tables 1 and 2.)

Although women make up nearly one-half of all the unemployed (47 percent in 1974), they have generally accounted for only one-third of the unemployment stemming from job loss. This reflects not only their concentration in industries such as trade and services, where the cyclical changes in employment are less sharp than in the goods-producing industries, but also the fact that women are always much more likely than men to be unemployed because of their entry or reentry into the job market.

Black workers, who have historically accounted for about one-fifth of total unemployment (though they make up only one-tenth of the labor force) have also been heavily overrepresented among the recent job losers. Thus, in early 1975 blacks accounted for 725,000—or about 18 percent of the job-loss unemployment—roughly the same proportion which they made up in the second half of 1973. As shown on table 3, black males have continued to account for a particularly large proportion of the job losers relative to their share of the labor force.

In terms of age, during the initial stages of the slowdown—that is, in late 1973 and early 1974—the largest percent increase in job loss among men was borne by those under 45 years of age, the group that would generally have the lowest seniority. Since the second quarter of 1974, the period over which most of the cutbacks have taken place, the percent increase

Unemployed job losers by major industry group (in thousands, seasonally adjusted)

Industry group	Quarter IV 1973	Quarter I 1975	Change: Absolute	Change: Percent
Total	1,648	4,072	2,424	147
Private goods-producing industries	853	2,555	1,702	201
Private service-producing industries	615	1,191	576	92
Government, agriculture self-employment, and other	180	326	146	78

Table 1. Unemployed job losers by sex, age, color, and industry groups

(Numbers in thousands)

Sex, age, color, and industry groups	1973		1974				1975	
	III	IV	I	II	III	IV	I	II
Total, 16 years and over	1,597	1,648	1,999	1,966	2,095	2,816	4,072	
Male, total	1,010	1,071	1,310	1,261	1,370	1,832	2,679	
16-45 years	732	768	973	961	1,023	1,380	2,010	
45 years and over	278	299	332	313	354	440	657	
Female, total	594	580	687	685	745	993	1,389	
16-45 years	419	413	498	493	525	682	976	
45 years and over	170	172	188	195	218	319	416	
White, total	1,276	1,360	1,610	1,562	1,763	2,310	3,344	
Male	809	892	1,054	1,015	1,147	1,494	2,197	
Female	467	468	556	547	616	808	1,146	
Black, total	328	291	388	383	352	523	725	
Male	201	179	257	246	223	338	482	
Female	127	112	131	138	129	185	243	
Goods-producing industries[1]	835	853	1,096	1,083	1,178	1,726	2,555	
Trade, finance, and services	589	615	714	696	713	867	1,191	

DATA NOT AVAILABLE.

[1] Group includes construction, mining, manufacturing, and transportation and public utilities.

NOTE: Individual items may not add to totals due to independent seasonal adjustment.

in job loss has been about the same for men 45 and over as for younger men. (Table 2.) Among women, those 45 and over have shown somewhat larger percent increases in job loss than have younger women. It should be noted, however, that even among older women there are many who, because of interruptions in their work careers, have accumulated little job seniority.

Changes by occupation

Among the major occupational groups, the largest increase in job-loss unemployment has been borne by operatives—the typical factory production workers. The number of operatives who were unemployed because of job loss increased by 130 percent from the first quarter of 1974 to the first quarter of 1975. (The data on job loss by occupation are not seasonally adjusted, and thus the comparisons based on them relate only to changes between comparable quarters a year apart.) The next largest increases in job loss over this period were among craft and kindred workers (119 percent) and nonfarm laborers (94 percent). For the various white-collar groups the increases were a little under 90 percent, while for service and farm workers they were only 45 percent. (See table 4.)

Although men have accounted for the bulk of the increase in unemployed job losers among blue-collar workers, the relative increase in job-loss unemployment among women blue-collar workers has been greater (149 percent vs. 112 percent). This may reflect the sharp reductions in employment in the textile and apparel industries, where women are employed in relatively large numbers, as well as the relative lack of seniority on the part of the women employed as blue-collar workers in other industries.

Unemployment insurance coverage

Of great importance from an economic welfare standpoint is the question of how many of the workers who have lost their jobs have been able to supplant at least a part of their previous earnings through unemployment insurance benefits. As shown below, the increase in the number of job losers (as derived from the monthly survey of households) has been practically matched by the increase in the actual count of workers drawing unemployment insurance benefits under State programs. Specifically, from the fourth quarter of 1973 to the first quarter of 1975, the number of unemployed job losers rose by 2.4 million while the count of unemployed receiving benefits under State programs rose by 2.3 million.

Job losers and state insured unemployed (in thousands, seasonally adjusted)

Item	Quarter IV 1973	Quarter I 1975	Change
Job-loss unemployed	1,648	4,072	2,424
State insured unemployed	1,641	3,923	2,282

Of course, the two series do not necessarily refer to the same persons. Some workers who lose their jobs may either not apply or qualify for unemployment benefits; others may qualify without having actually "lost" their last job. (For example, those who left their last job voluntarily may qualify under certain conditions after a given period.) Nevertheless, the great similarity in the levels of the two series, and in the magnitude of their cyclical changes, suggest that they are measuring essentially the same developments.

More importantly, the very close tracking of the two series during the recent recession indicates that it has been possible for the great majority of the persons rendered unemployed through job cutbacks to replace at least a portion of their earnings through unemployment benefits. These benefits—which become a very important source of purchasing power for the unemployed—have recently been estimated to average about $65 a week. In addition, many of the job losers, particularly those who had worked in the auto or steel industries, have received additional financial assistance in the form of "supplementary unemployment benefits" (SUB) drawn from funds established at the company level under terms of collective bargaining agreements.

Table 2. Percent increases in the number of unemployed job losers by industry group, sex, age, and color

(Based on seasonally adjusted data)

Group	Percent increase to quarter I 1975 from:					
	Quarter III 1973	Quarter IV 1973	Quarter I 1974	Quarter II 1974	Quarter III 1974	Quarter IV 1974
Total	155	147	104	107	94	45
Industry						
Goods-producing[1]	206	200	133	136	117	48
Trade, finance, services	102	94	67	71	67	37
Sex and age						
Male	165	150	105	112	96	46
16-44 years	175	162	107	109	96	46
45 years and over	136	120	98	110	86	49
Female	134	139	102	103	86	40
16-44 years	133	136	96	98	86	43
45 years and over	145	142	121	113	91	30
Color and sex						
White	162	146	108	114	90	45
Males	172	146	108	116	92	47
Females	145	145	106	110	86	42
Negro and other races	121	149	87	89	106	39
Males	140	169	88	96	116	43
Females	91	117	85	76	88	31

[1] Group includes manufacturing, construction, mining, and transportation and public utilities.

Table 3. Proportions of civilian labor force and job-loss unemployment accounted for by black and white men and women

Color and sex	1973		1974				1975
	III	IV	I	II	III	IV	I
Total civilian labor force (1,000's)	88,980	89,823	90,467	90,644	91,396	91,785	91,810
Total job losers (1,000's)	1,597	1,648	1,999	1,966	2,095	2,816	4,072
White male							
Percent of job losers	50.7	54.1	52.7	51.6	54.7	53.1	54.0
Percent of labor force	54.7	54.6	54.6	54.4	54.2	54.3	54.0
White female							
Percent of job losers	29.2	28.4	27.8	27.8	29.4	28.1	28.1
Percent of labor force	33.9	34.0	34.0	34.2	34.5	34.3	34.7
Black male							
Percent of job losers	12.6	10.9	12.9	12.5	10.6	12.0	11.6
Percent of labor force	6.3	6.3	6.4	6.4	6.2	6.2	6.2
Black female							
Percent of job losers	8.0	6.8	6.6	7.0	6.2	6.8	6.0
Percent of labor force	5.1	5.1	5.1	5.1	5.1	5.1	5.1

Unemployment insurance benefits cannot, however, be collected indefinitely, either under government programs or from special company funds. Indeed, some of the auto companies' SUB funds have already been depleted or are near depletion. Moreover, it should be noted that job losers account for only a little over one-half of the unemployed. Even if financial aid could be provided indefinitely for this group, it would still leave a large proportion of the unemployed—the job leavers, entrants, and reentrants—without any benefits. The recent changes and composition of these other groups of unemployed will be examined below.

The other unemployed

Altogether, the unemployed who had left their last job voluntarily in order to seek another job, those who had reentered the labor force after a period of absence, and those who were looking for their first job accounted for about one-quarter of the 3.4-million increase in total unemployment between the fourth quarter of 1973 and the first quarter of 1975. Whereas the number of unemployed job losers rose by nearly 150 percent over this period, the number of unemployed reentrants and new entrants rose only 46 and 37 percent, respectively, and the number of unemployed job leavers showed hardly any increase at all.

Table 4. Increase in the number of job losers by major occupational group (not seasonally adjusted)

Occupational group and sex	Change from 1974 I to 1975 I	
	Thousands	Percent
Total		
White-collar	494	88
Professional and managerial	166	87
Sales and clerical	328	89
Blue-collar	1,901	120
Craft and kindred workers	536	119
Operatives	1,055	130
Laborers	309	94
Services and farm	159	45
Male		
White-collar	241	98
Blue-collar	1,417	112
Services and farm	87	53
Female		
White-collar	252	80
Blue-collar	485	149
Services and farm	70	45

Reentrants. The primary reason for the increase in the number of unemployed reentrants during the recent cyclical downturn is that persons entering the work force at this time are more likely to encounter unemployment or remain unemployed longer or both, than if they entered in more normal times. The total flow of reentrants into the job market may also increase somewhat during such times simply because of the need on the part of so-called "secondary workers" to replace the earnings lost due to the layoff of the principle family breadwinner. There is, however, little solid evidence that the inflow of the secondary workers, often referred to as the "added worker" effect, has been a significant factor in the recent rise in unemployment.

In terms of demographic composition, the unemployed reentrants' group differs significantly from the job losers' group. As shown below, the reentrants group consists largely of women, many of whom may be resuming their work careers after a period devoted to child care, and youths, who may be reentering the labor force after a stint in school or in the Armed Forces.

Percent distribution of the unemployed by sex and age 1974 annual average

Sex and age	Job losers	Job leavers	Re-entrants	New entrants
Total	100	100	100	100
Men				
16-19 years	8	12	16	36
20-24 years	15	14	11	5
25 years and over	42	22	13	2
Women				
16-19 years	4	11	14	42
20-24 years	7	16	14	9
25 years and over	23	25	32	6

New entrants. As would be expected, the unemployed new entrants are largely youths 16 to 19 years of age trying to get their first job.

In general, their number does not show any wide cyclical fluctuation. Instead, the size and movement of this group relate largely to population growth and the rising trend in the labor force participation of young people. As shown above, 4 out of every 5 new entrant unemployed are youths 16 to 19, a group whose population has expanded rapidly over the past decade and whose labor force rate, at 54.8 percent in the first quarter of 1975, was over 10 percentage points higher than it was a decade ago.

Job leavers. Unemployment among job leavers—that results when a worker leaves his job voluntarily in order to search for another one—has typically shown hardly any cyclical response. Thus, despite the general increase in unemployment, the number of such unemployed has remained virtually unchanged—at about 750,000—since late 1973. Although those who leave their jobs during a recession are obviously more likely to undergo a period of unemployment, the very fear of remaining jobless is an obvious deterrant to job switching. This is confirmed by the behavior of the quit rate for manufacturing workers, which traditionally declines during recessions and which dropped from 2.7 percent in the last quarter of 1973 to 1.2 percent in early 1975.

Family heads. While the job-loser category of unemployed—that which has shown by far the greatest increase during the current recession—contains a large proportion of household heads, the other groups contain much smaller proportions of such primary breadwinners. As shown below, the new entrants' group is made up

Percent distribution of the unemployed by household status, 1974 annual average

Household status	Job losers	Job leavers	Re-entrants	New entrants
Total	100	100	100	100
Male household head	42	22	14	2
Wife of head	17	25	31	7
Female household head	9	10	10	3
Other household members	32	43	45	88

almost entirely of "other household members," generally the young sons and daughters of the household head.

Since the economic difficulties resulting from unemployment depend largely on the family responsibilities resting on the shoulders of the unemployed; the lack of a job is naturally more of a burden to the job losers' group, which contains a large proportion of household heads, than to the other groups of unemployed. Of course, job losers are also essentially the only unemployed that would normally qualify for receipt of unemployment insurance benefits.

Blacks. Accounting for one-fifth of total unemployment in 1974 (though they make up only a little over one-tenth of the labor force), blacks are more overrepresented among the new entrants than among any of the other categories of unemployed. As shown below, the black proportion of unemployed new entrants exceeded one-fourth in 1974.

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Percent distribution of the various categories of unemployed by race, 1974 annual averages

Race	Total unemployment	Job losers	Job leavers	Reentrants	New entrants
Total	100	100	100	100	100
Whites	80	81	84	79	74
Blacks	20	19	16	21	26

The particularly large over representation of blacks in this group is essentially a reflection of the great difficulty which black teenagers face in obtaining a job. This difficulty is well illustrated by the unemployment rate for Negro teenagers, which averaged 32.9 percent in 1974, nearly 2-½ times as high as the rate for white teenagers. In sum, while many black workers lost their jobs during the recent recession, the inability of young blacks to land their first job continues to be a very important feature of the black employment situation.

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